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CENTRAL INTELLIGENCE AGENCY

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Translation

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German Democratic Republic
Ministry of Finance
Main Department: Prices

Berlin C 111, 11 September 1950
5-10 Unterwasserstrasse
R 6212/0000/Abr./70.

To all VVD's of Chemical Plants.

SUBJECT: 1951 Price Planning.

In addition to the representatives of the interested ministries and of the Land price offices, the price experts of all associations of nationalized chemical plants attended a meeting held on 8 September 1950. At this meeting Mr. Abraham, representative of the Ministry of Finance, announced the principles for the implementation of the 1951 price planning. They have been compiled in the following directive:

Directive for the implementation of the 1951 price planning for the Chemical VVB's (Z) and (L).

I. 1951 Finance Planning

All plans have to be based on the legal prices of 1950. These prices are listed in the column entitled "1950 Prices" of the confirmed price lists which have been attached to the list of approved prices. The prices are derived from records and reports regarding the 1950 price planning and from the supplements to these reports.

These prices are also identical to those prices listed in the price catalogue which has already been mentioned in the directives of the Ministry for Planning and which is to be issued by the Ministry of Finance.

If the prices provided for 1950 have been changed in later price negotiations held in 1950, and if these changes were confirmed by supplementary directives, the planning has to be based on the approved prices.

Plants bringing new products on the market in 1951 have to price them in correct proportion to the legal prices set for products of the same category of goods. In case of doubt the legal 1950 prices will serve as a basis for calculation of prices.

II. Price Changes for 1951

The Main Department Prices will not authorize price increases for the 1951 planning year. It is pointed out that the wage increase effective 1 September 1950 may not result in price increases. For the 1951 planning year only factory prices (Werkabgabepreise) i.e. the factory net price (Nettoherstelleraabgabepreis), will be established for the VVD's.

The necessary commercial price increases for nationalized trade are fixed by the Ministry of Finance. Enterprises which can prove a justifiable interest in certain consumer prices or commercial profits for their trademark articles have to make appropriate applications by 30 September 1950 to be submitted in room 2005 of the Ministry of Finance.

The VVD's are to make applications for price changes or price confirmations (Preisfestsetzungen) only in the following cases:

- a. Reduction of prices in case of competition within the Soviet Zone of Germany. The competitive prices and firms have then to be indicated. However, a reduction of prices cannot be considered if competition problems occur in foreign trade or internal German Trade since the legal factory manufacturing prices have to be paid within the Soviet Zone

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for deliveries.

- b. If a false 1944 price had been indicated in the price list the plants concerned are bound to request that new prices be **established**. They have to make a written statement that they made a false declaration in the 1950 price list with regard to the 1944 prices. The responsible employees of the enterprise who have confirmed false 1944 prices and do not correct them now will be liable to severe punishment.
- c. Price adjustment within the VVB's. If different prices for the same products have been established for different subsidiaries of one VVB, this VVB will have to apply for a 1951 adjustment of these prices. If there are different prices for the same products of different VVB's, these prices will generally be continued for 1951.
- d. Price fixing applications will have to be made for all goods which will be taken up as new products in 1951. In these cases the prices of similar products or of the same products of other firms have to be indicated. If these new products are to be delivered in the last months of 1950 the VVB's will have to make an application for the price confirmation to be valid for the remainder of 1950.

III. Statement of the Effects of Price Changes.

VVB's making an application for price changes in accordance with paragraphs IIa, b, and c have to add the following data for all enterprises:

1. Enterprise.
2. Goods number.
3. Designation of the products.
4. 1951 production quota.
5. 1950 price.
6. Proposed 1951 price.
7. Difference between items 5 and 6 and the difference multiplied by item 4.

Two empty columns have to follow.

This compilation will have to be made for all enterprises which come under the finance plan of the VVB and the appropriate figures have to be added for the entire VVB. The VVB's have to declare which industrial branches will be affected and to what extent they will be affected by the possible price change. The number of the enterprises concerned also has to be indicated. VVB's which have been given price subsidies in 1950 for certain products will have to submit the following compilation:

1. Enterprise.
2. Goods number.
3. Product.
4. 1951 production quota.
5. 1950 factory price.
6. 1950 price subsidy.
7. Cost in the first half year of 1950.
8. Proposed price subsidy for 1951.
9. Difference between items 6 and 8 and the difference multiplied by item 4.

Two empty columns have to follow.

For new products the VVB has to attach the following compilation:

1. Enterprise.
2. Goods number.
3. Product.
4. 1951 production quota.
5. 1944 factory price.
6. Planned price in the 1951 finance plan.

Two empty columns have to follow.

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IV. Abolishment of All Kinds of Rebates in the 1951 Planning Year.

As already mentioned, factory prices will be stipulated for 1951 for all enterprises and products. All rebates will therefore be abandoned. The enterprises or VVB's have to state for the respective product or production group the **rate** of the rebate (Rabattsatz) granted in the first half year of 1950, as well as the rebate amount and the turnover. If necessary, a compilation with separate lists according to the different categories of goods will have to be submitted. In this case the amount of rebates granted as well as the size of the sales has to be summed up. The average amount of the rebate used in the 1950 finance planning for the entire production or for the individual categories of goods must also be stated. Furthermore the size of rebates contained in prices and granted or to be granted to individual consumer groups on 1949 and/or 1950 prices must be listed; for example

Industrial consumers	35 percent
Wholesale trade	30 percent
Retail trade	20 percent
Offices	15 percent etc.

The former gross list-prices (Bruttolistenpreise) will be lowered by a rebate still to be decided and will be confirmed as the 1951 factory price. It must be stated whether these measures will result in essential changes in the prices paid by the purchasing industries.

V. New Price Decrees for 1951

The following price decrees are under consideration for the 1951 planning year:

1. Decree on prices for varnishes and dyes. The draft is completed.
2. Decree on prices for printing colors. The VVB Lacke und Farben has to submit a draft for this by 30 September 1950.
3. Decree on prices for synthetic and natural, mineral and earth colors. The VVB Lacke und Farben has to submit the draft by 30 September 1950.
4. Decree on the standardization of prices for vehicle tires. The VVB Kautschuk has to submit the draft in cooperation with the DMZ Chemie by 30 September 1950.
5. Decree on prices for plastics (Kunstharz-Pressereien). The VVB Plasta has to submit the draft by 30 September 1950.
6. Decree on the standardization of prices for sulphuric acid. The VVB Alkali has to submit the draft by 30 September 1950.

VI. Documents to be Submitted for Price Planning.

All enterprises send their price suggestions to their VVB. The respective VVB has to work out a report which will contain all the VVB's price suggestions for 1951. This report is similar to the report worked out by the Ministry of Finance for each VVB for the 1950 price planning. All enterprises which have not submitted any price suggestions will be listed under the note: No price suggestions.

Enterprises changing their VVB on 1 January will be recorded with the VVB heading the enterprise by 31 December 1950. If the new VVB of the enterprise declares that it is willing to represent the enterprise in the price planning meeting, the former VVB of the enterprise has to make the following note in the minutes: Effective 1 January the enterprise is assigned to the VVB..... which will represent the enterprise in the price planning meeting. A report of this

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kind has to be submitted in quintuplicate to the Ministry of Finance, Main Department Prices. Calculation records including accurate technical data on the product as well as a specification of the material and wage costs etc. will have to be submitted in duplicate. The 1944 prices, the rebates or customary commercial profits, and payment and delivery terms of that time must also be stated. The enterprises and VVB's have to keep ready for inspection profit and debit accounts, as well as operational records (Betriebsabrechnungsboegen) for the first half year of 1950. The same applies to the balance of 30 June 1950.

All enterprises subordinate to the Main Price Office in Berlin have to submit the most recent cost calculation for all production groups and products to the Main Price Office in Berlin. The enterprises have furthermore to submit to the Main Price Office the balance as of 30 June 1950, the profit and debit account and operational records of the first half year of 1950.

VII. Price Planning Meetings.

The meetings arranged with the VVB's of the Chemical Industry will take place in room 2005 of the Ministry of Finance.

The supplementary price lists for 1950 have to be submitted for confirmation before the start of the 1951 price planning. It was agreed that 30 September 1950 would be the deadline. The VVB's are requested to refrain from making visits to discuss price affairs during the price planning meetings i.e. until 15 October 1950. A previous telephone call is required in especially urgent cases.

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Main Department Chief

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